Amdt. Dated November 14, 2007

Reply to Office Action of September 7, 2007

Amendments to the Drawings:

The drawings were objected to as Figures 1 and 6-8 disclosed only prior art but were not

designated by a legend such as -- Prior Art--. Accordingly, the drawings have been

amended to properly identify Figures 1 and 6-8 as -- Prior Art--. Further, the drawings

were amended to correct other informalities noted by Applicant. Reconsideration and

allowance of the replacement sheets of drawings is respectfully requested.

Attachment:

Replacement Sheets of drawings.

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REMARKS

In the Drawings:

The drawings were objected to as Figures 1 and 6-8 disclosed only prior art but were not designated by a legend such as -- Prior Art--. Accordingly, the drawings have been amended to properly identify Figures 1 and 6-8 as -- Prior Art--. Reconsideration and allowance of the replacement sheets of drawings is respectfully requested.

In the Specification:

The specification has been amended to correct certain informalities, no new matter was added. The reference to related application, paragraph 0001, was amended to properly show that the parent application is now abandoned. Paragraphs 0018, 0019, 0020, and 0049 were amended to properly refer to Figures 6-8 as prior art.

Status of Claims:

Claims 1-24 were pending in the application, with claims 20-24 withdrawn from further consideration. Claims 1, 3, 4, 11, 13, and 14 were rejected and claims 2, 5-10, and 12-19 were objected to. Claims 2 and 12 have been canceled and claims 1, 11, and 13-19 have been amended. Accordingly, claims 1, 3-11, and 13-19 are presently pending. Reconsideration and allowance of claims 1, 3-11, and 13-19 is respectfully requested.

Allowable Subject Matter:

The Examiner noted that claims 2, 5-10, and 12-19 were objected to as being dependent upon a rejected base claim, but would be allowable if rewritten in independent form including all the limitations of the base claim and any intervening claims. By this amendment, claim 2 was canceled and claim 1 was amended to claim the allowable subject matter of claim 2. Similarly, claim 12 was canceled and claim 11 was amended

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to claim the allowable subject matter of claim 12. No new matter was added.

Reconsideration and allowance of claim 1 and claim 11 and their respective presently pending dependent claims is respectfully requested.

Claim Rejections:

Claims 1, 3, 4, 11, 13, and 14 were rejected under 35 USC 102(e) as being anticipated by Shukh et al., US Patent No. 6,667,616. Shukh discloses a spin valve sensor that includes a ferromagnetic free layer, a ferromagnetic pinned layer, a layer of non-ferromagnetic material positioned between the free layer and the pinned layer, and an antiferromagnetic pinning layer positioned adjacent to the pinned layer such that the pinning layer is in direct contact with the pinned layer. The free layer comprises a multi-layer stack including a non-magnetic insulating spacer positioned between a first and a second ferromagnetic sublayer. The non-magnetic insulating spacer provides a specular electron scattering effect. The first and the second ferromagnetic sublayers each have passive end regions separated by a central active region. The spin valve sensor further includes bias means positioned between the first and the second ferromagnetic sublayers in the passive end regions.

By this amendment claim 1 was amended to claim the allowable subject matter of now canceled claim 2. Similarly, claim 11 was amended to claim the allowable subject matter of now canceled claim 12. No new matter was added. Reconsideration and allowance of claims 1 and 11 is respectfully requested.

Claims 3 and 4 depend from amended independent claim 1, which is now believed to be in condition for allowance, and further define the patentable subject matter of their base claim 1. Reconsideration and allowance of claims 3 and 4 is requested.

Claims 13 and 14 depend from amended independent claim 11, which is now believed to be in condition for allowance, and further define the patentable subject matter of their base claim 11. Reconsideration and allowance of claims 13 and 14 is requested.

Claim Objections:

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Claims 12-19 were objected to due to typographical informalities. Accordingly, claim 12 was canceled and claims 13-19 were amended to properly depend from their base claim, independent claim 11. No new matter was added. Reconsideration and allowance of claims 13-19 is requested.

In the event a telephone conversation would expedite the prosecution of this application, the Examiner may reach the undersigned at (408) 927-3387. For payment of any additional fees due in connection with the filing of this paper, the Commissioner is authorized to charge such fees to Deposit Account No. 09-0466 (Order No. SJO919990038US2).

Respectfully submitted,

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